

Analysis of BAI' Muzayadah in Auctions of Security Goods at the Office of State Wealth and Auction Services (KPKNL)

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Abstract

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This study analyzes *Bai' Muzayadah* in the auction of collateral assets at KPKNL Parepare. The objective of this research is to examine the implementation of collateral asset auctions at KPKNL Parepare based on the principles of *Bai' Muzayadah* in Islamic economics and the collateral asset auction system from the perspective of Islamic economic law. The research employs a descriptive qualitative method, categorized as field research. Data sources include primary data obtained through direct interviews at KPKNL Parepare and secondary data such as books, journals, and articles relevant to the topic. Data analysis techniques involve data collection, data reduction, data presentation, and conclusion drawing. The validity of the data is tested using source triangulation, technique triangulation, and time triangulation. The findings indicate that (1) the implementation of collateral asset auctions at KPKNL Parepare, from the perspective of Islamic economics, utilizes internet-based methods (*e-auction*) through open bidding and closed bidding systems. These systems incorporate mechanisms such as security deposits and minimum bidding limits. (2) The application of Islamic economic principles, including justice, transparency, and voluntary agreements in the auction process, aligns with the principles of transparency, legal certainty, and efficiency. Auction announcements are made via the website and leaflets. The auction process is conducted thoroughly to minimize errors, beginning with the preparation stage, auction determination, payment of participants' security deposits, and the transfer of ownership or auction minutes as legal proof for the winning bidder. These practices are consistent with Islamic economic law principles and aim to promote societal welfare.

1. Introduction

The development of various programs, one of which is business activities or buying and selling processes, influences Indonesia's economic growth. Both in conventional and contemporary forms, buying and selling transactions have become an important part of Indonesian people's lives. One aspect of marketing is buying and selling transactions, which aim to create, communicate and provide value to consumers, which in turn leads to increased economic prosperity. (Rasjid, 2011)

Conventional and digital auctions face many problems. One of them is increasing public knowledge about auction mechanisms, especially those related to management requirements, value limits and bidding processes. Apart from that, technical problems such as internet network problems that disrupt the implementation of the e-auction (electronic

auction) are also a concern. Therefore, to assess the effectiveness of auction implementation, especially at KPKNL Parepare, a comprehensive study is needed.

This study will help develop research related to auctions from an economic and legal perspective. In addition, the aim of this research is to gain a better understanding of how auction mechanisms, including e-auctions, can be optimized to encourage regional economic growth. Therefore, it is hoped that this research can provide strategic advice for KPKNL and the government to increase the efficiency and effectiveness of auction services. Overall, this data shows a positive trend in the implementation of execution auctions based on Article 6 UUHT, with an increase in the number of auction lots, frequency of auction minutes, and consistent total revenue every year. This reflects the efficiency and effectiveness of the

auction process as well as its potential contribution to state revenues.

Moreover the principles of sharia economic law involve Islamic values such as justice, transparency and compliance. To ensure that the goods or services being auctioned are properly considered in accordance with sharia values, this can be demonstrated in a fair and transparent auction process. The main aim is to prevent people from committing violations of individual rights in ways that are inconsistent with Islamic beliefs. In Islam, humans are encouraged to act honestly and fairly in every aspect of transactions, and this religion avoids coercion between the parties involved so that transactions take place on the basis of mutual agreement without any party being harmed or deceived. Therefore, all parties involved in the transaction expect a profitable outcome.

The auction system currently implemented by KPKNL Parepare uses internet media facilities with open bidding and closed bidding methods. In connection with this, this research focuses on the analysis of bai' muzayadah at auctions of collateral at the Parepare State Property and Auction Service Office (KPKNL).

2. Literature Review

2.1 Bai' Muzayadah in the Perspective of Supply and Demand Theory

In the literature of fiqh muamalah, discussions on various forms of buying and selling are extensive, reflecting the dynamic needs of society for different transaction models depending on context and conditions. One such form is bai' muzayadah, commonly understood as auction (e-auction in contemporary terms). Unlike ordinary transactions, an auction is characterized by open competition among buyers, where the price increases progressively until the highest bidder secures the item (Ahmad, 2004). Etymologically, the term muzayadah derives from the concept of tanafus (competition), which refers to increasing the offered price for merchandise.

Terminologically, bai' muzayadah occurs when a seller offers goods to prospective buyers, and the buyers compete by raising their bids until the highest price is reached and the item is awarded to the winning bidder (Ahmad, 2004). From the perspective of Islamic jurisprudence, particularly within the Shafi'i school, bai' muzayadah is permitted as a legitimate transaction, provided it adheres to the principles of transparency, mutual consent, and absence of fraud. For instance, if one buyer offers a price and another increases it by saying, "I am willing to pay more," the process continues until no higher offer is made.

This mechanism aligns closely with the theory of supply and demand in conventional economics. Auctions reflect the interaction of demand (buyers competing for the product) and supply (the seller offering goods), where the final price represents the equilibrium determined through competition. From an Islamic perspective, this process is acceptable as long as it avoids elements of injustice (zulm), manipulation, or prohibited practices such as najasy (artificial price inflation). Thus, bai' muzayadah can be seen as an Islamic adaptation of market dynamics where fair competition drives price discovery..

2.2. The Legal Basis of Bai' Al-Muzayyadah

In Islamic law, buying and selling muzayyadah auctions is mubah. According to Ibn Qudamah, Ibn Abdi Dar said in the book Subulus Salam, "It is not haram to sell goods to people with an increase in price (auction) by agreement between all parties." This shows that scholars agree that buying and selling at auction even became a custom in the Muslim market in the past. An auction is a type of buying and selling transaction, but in a different way. However, the harmony and conditions are the same as ordinary buying and selling transactions.(Sabiq, Sayyid, 2006).

Scholars from the Hanafi School, al-Kasni and Ibn Human, state that buying and selling at auction, also known as al-muzayadah,

is not prohibited because the Prophet (saw) personally did so. Undoubtedly, the purpose of this effort is to obtain halal sustenance from Allah through various legitimate transactions in society that do not violate or damage the rights of others.

2.3 The Concept of Justice in Sharia Economics

The concept of Justice in sharia economics is important because it plays a key role in ensuring that economic activities take place fairly and evenly for all parties. Some of the reasons why justice in the sharia economy is important include: (Yazid M & Yazid 2009)

- 1) Improving people's welfare: Fairness in the distribution of income and wealth ensures that everyone has an equal opportunity to achieve well-being and that wealth is distributed equally.
- 2) Increase trust: Fair treatment of customers and employees ensures that business and other economic activities run transparently and trustworthily. This increases people's confidence in the economic system and ensures that businesses run well.
- 3) Preventing fraud: Preventing fraud and fraud ensures that businesses operate honestly and that everyone can feel safe and secure.
- 4) Forming a just and prosperous society: The concept of justice in the sharia economy guarantees that everyone has the same opportunity to achieve well-being, which results in a more just and prosperous society.

In addition, justice in the sharia economy ensures that moral and ethical principles are applied in every aspect of economic activity. This is important because moral and ethical principles play an important role in ensuring that economic activities take place correctly and well. Thus, justice in the sharia economy ensures that good and true values will be the foundation for every business and other economic activity, and that every individual will have moral and ethical obligations. Justice

also guarantees that everyone has the same right to determine the future and obtain welfare. In the sharia economy, the concept of justice is emphasized on the importance of providing equal opportunities for everyone to obtain a fair income and welfare.

3. Research Methods

In this study, the method used is qualitative descriptive research. Qualitative research is research that is in the process of producing a finding without using statistical procedures or forms of calculation (Basrowi & Surwardi, 2008). The type of research carried out is field research. Field research is a type of research that directly observes events that "exist in the field" (Arikunto, 2013).

The data used in this study are primary data in the form of direct interviews and secondary data in the form of books, journals and literature related to the research topic. The data collection technique in this study is carried out in several stages. The first stage is to make direct observations to the resource persons. Furthermore, conduct in-depth interviews with resource persons. In addition, the data obtained is also supported by data in the form of journals, books" and literature relevant to the research topic.

4. Results And Discussion

4.1 Description of Research Results

a. The implementation of collateral auctions at the Parepare State Wealth and Auction Service Office (KPKNL) in the perspective of sharia economics, especially in relation to bai' muzayadah

There are two types of auctions used at KPKNL to buy and sell auctions: conventional auctions and auctions via the internet, or e-auctions. Conventional auctions are usually similar to the general auction mechanism, where many auction enthusiasts compete for the highest price during an auction led by auction officials. Results of an interview conducted by Ihamser, Auction Officer from KPKNL Parepare City:

"Auctions carried out by KPKNL Parepare using a conventional auction mechanism are usually more likely to have auction enthusiasts who are also in the same area as the object or work area of KPKNL Parepare. This is because information related to the auction does not spread widely throughout Indonesia. In addition, the need for auction participants to be present at the auction venue is an obstacle for the public to be involved in the auction." (Ihamser : 2024)

In the case of e-auctions, internet facilities are used to disseminate auction information thoroughly throughout Indonesia, so that participants who participate in the auction do not need to be present at the physical auction location; They just need to monitor and submit bids through their own website:

"The auction system is carried out via the internet (e-auction) because of many factors that can affect the implementation of the auction. The implementation of the auction using the e-auction system makes it easier for each party involved in the auction because it does not require a lot of money to require auction participants to be present at the auction venue. This of course can save more energy and time from auction participants. In addition, auction participants only need to bid from their location at the time of the auction transaction".

E-auction systems are considered faster and safer because they run auctions automatically, avoiding threats from other parties. At this time, the development of e-auction auctions is considered good because the frequency of e-auction auctions continues to increase from year to year. The increased sales results indicate an increase in the number of auction prices that have been sold. Parties who can apply for auction access with KPKNL are unlimited as long as they meet the requirements. Parties who can apply for

auction access with KPKNL using the auction system are usually individuals, legal entities, state institutions, state ministries, banks, and others.

At KPKNL Parepare, the collateral auction process, which uses the Bai' Muzayadah principle, or sales with an open bidding system, requires careful supervision from the preparation stage to the implementation. The results of the interview showed that, after the documents submitted by the applicant were examined and fully stated by the auction officials, the next step was to establish a schedule for the auction implementation. In accordance with this, the applicant must make an auction announcement and submit proof of the announcement to the auction official as part of the special requirements document. This announcement is an important aspect of the auction process because it serves as an official notice to the public. (Ihamser : 2024)

There is often a discrepancy in the information in the auction announcement with the documents received by KPKNL. In a situation like this, the auction official had to choose between two possibilities. If there are any errors that can be corrected, the auction announcement will be corrected and the auction process will continue. If the error involves important data such as the limit value, guarantee value, or the time and place of the auction, the auction announcement will be corrected and the auction process will continue. Because a small mistake can lead to a significant lawsuit later on, the auction official in this situation must ensure that the data and documents used are correct.

Published auction announcements include important information such as the identity of the seller, the item being auctioned, the date, place, and time of execution, as well as the collateral value and value limit. The auction announcement uploaded to the website also includes additional information, such as the type and quantity of goods, the specification of the goods, the location and condition of the building (if any), the time and place of

execution, the value of the guarantee and its deposit mechanism, the value limit, the bidding method, the long-term.

The accuracy and clarity of the information contained in documents and announcements is essential because of this kind of governance. Auction officials are highly responsible for ensuring transparency in every stage of the auction and reducing technical and administrative errors. Therefore, the auction conducted at KPKNL Parepare not only meets legal requirements but also increases public trust in the collateral auction system.

b. Sharia Economic Principles in the Auction Process at KPKNL Parepare

One way of buying and selling that allows people to get goods through the open bidding process is auctions. In an Islamic perspective, the auction is referred to as bai' muzayadah, which is a buying and selling transaction involving the highest price from the participants. In order to be in accordance with sharia values, this process must be carried out with the principles of justice, transparency, and honesty. Since they are responsible for the implementation of auctions, the Office of State Wealth and Auction Services (KPKNL) is responsible for ensuring that the auction process, especially the auction of collateral, is carried out openly and transparently. In the auction of collateral, KPKNL Parepare applies the principles of bai' muzayadah through digital innovation and regulations that support transparency and fairness. From the results of the interviews that have been conducted:

Two bidding systems, close bidding and open bidding, are used when conducting auctions on lelang.go.id portals. In an open auction system, each auction participant has access to the bidding history of the auctioned item. Each auction participant can see the number of bids from the lowest price to the highest price when other participants make bids. The result of Ihamser's interview was that the open bidding history ensured that the auction process was fair and that there was no

price manipulation. Auction Official, KPKNL, Parepare City stated that:

"What was done, it was revealed that KPKNL ensured that the auction took place openly and transparently through the use of the lelang.go.id digital platform. This portal site provides two bidding systems, namely close bidding and open bidding" (Ihamser : 2024)

Auction participants in the open bidding system have full access to the bidding history of the auctioned goods. During the offer period, this history records the number of bids from the lowest price to the highest price submitted by other participants. In addition to ensuring that the auction process is not manipulated, this mechanism provides all participants with an equal opportunity to compete fairly. The principles of justice and transparency that are the core of bai' muzayadah can be applied effectively with this openness.

Overall, digital technology has been used in the implementation of bai' muzayadah at KPKNL Parepare to improve the efficiency and transparency of the auction process. This is in accordance with sharia principles that emphasize honesty, fairness, and openness in every transaction. KPKNL Parepare has created a transparent and trusted auction environment with a publicly accessible bidding history and adequate legal protection.

c. Sales Proceeds Allocated Fairly

The process of distributing the proceeds of the collateral auction is carried out with a clear and structured procedure at the Parepare State Property and Auction Service Office (KPKNL). The collateral auction process at KPKNL includes many steps, ranging from selling goods, paying winners, and dividing auction proceeds. The auction results obtained must be deposited in accordance with applicable regulations, either to the seller or the owner of the goods, as well as to the state treasury, within the specified time. This mechanism aims to ensure that the entire auction process runs in accordance with

applicable regulations and that no party is harmed. According to the results of the interview conducted by Ihamser.Auction Official, KPKNL, Parepare City:

“The process of distributing auction proceeds begins with the deposit of auction proceeds obtained from auction winners. The net proceeds of the auction must be deposited to the seller no later than one working day after the payment is received by the KPKNL revenue treasurer. After that, the deposit of the auction proceeds will be forwarded to the state treasury in accordance with applicable provisions. (Ihamser : 2024)

This process is essential to ensure that money from the auction is used transparently and accountably in accordance with standard operating procedures. However, in certain cases, such as compulsory execution and non-execution auctions, the security deposit that has been deposited to the KPKNL will be fully deposited into the state treasury if the auction winner does not pay the debt within the specified time. This is done to ensure that the auction process not only benefits the seller or owner of the goods, but also fulfills the state's obligations in terms of trade.

One of the important things to understand in the context of collateral auctions carried out by the Parepare State Wealth and Auction Service Office (KPKNL) is the auction procedure. This is especially true for policies made related to the rest of the auction proceeds. If the debtor is unable to pay the financial institution or other entitled party, the collateral is usually used to pay off their obligations. Clear provisions govern this process and are based on applicable legal principles to protect the rights of the debtor and the obligations of the buyer. One of the interesting methods to learn is how KPKNL manages the remaining auction proceeds after payments related to collateral have been paid. As a result of an interview conducted with Ihamser Parepare City Auction Official, KPKNL, it was stated that:

“If there is a residual auction result after the costs related to the implementation of the auction are reduced, the rest will be handed back to the debtor. This shows that there is an effort to ensure that the rights of debtors are maintained even if their collateral is auctioned to settle debt obligations. This policy is taken on the principle that all remaining auction proceeds that are not used to cover the auction payment obligation will be returned to the owner of the goods, which in this case is the debtor who still has the right to the auctioned collateral.” (Ashar Hamka : 2024)

The buyer must pay the auction price through a special account managed by the KPKNL, the auction house, or a special account provided for auction transactions. In order for the auction process to be transparent and accountable, buyers must make payments through predetermined channels. In addition, the KPKNL also provides opportunities for buyers to carry out their obligations directly to the KPKNL revenue treasurer. This procedure avoids doubts or disputes during the payment process and distribution of auction proceeds.

The Parepare State Wealth and Auction Service Office (KPKNL) is responsible for the implementation of state duties related to the management of state assets, including organizing collateral auctions. KPKNL must comply with various applicable rules and regulations, including sharia principles, when carrying out auction activities. The execution of collateral, such as the land that is collateral, is one type of auction that is carried out. In this auction process, it is very important to be careful and comply with legal and sharia regulations to ensure that the transaction is not only in accordance with the law, but also does not contradict the Islamic principles that govern the sale and purchase transaction. The results of the interview with Ihamser Parepare City Auction Official, KPKNL, stated.

“If there are certain obstacles, every implementation must have obstacles.

For example, there are several types of auctions, if for the execution auction, if the land object sometimes the SKPT cannot be issued, that's one of them if it is canceled." (Ihamser : 2024)

The implementation of the auction at KPKNL Parepare has successfully overcome various challenges and difficulties. One of the main obstacles faced by KPKNL is administrative problems related to auction objects, especially those related to land properties. According to interviews conducted, one of the most common challenges is the issuance of Land Acquisition Decrees (SKPT), which are not always available on time. These obstacles will inevitably affect the auction process as a whole and can hinder the dispute resolution process involving state assets.

d. Halalness of Auctioned Goods

The auction of collateral is carried out at the Parepare State Wealth and Auction Service Office (KPKNL) to ensure the management of state goods and confiscated assets through a fair, transparent, and compliant auction process. Results of an interview conducted by Ashar Hamka.Ka from the Legal and Information Office of KPKNL Parepare City:

"The implementation of the auction is in accordance with sharia principles even though there is no written legal basis. The auction procedure is fair, the goods are inspected to avoid misinformation. The auctioned goods are also ensured to be unlimited. Transactions are carried out based on a valid contract "(Ashar Hamka)

Although there is no law that explicitly states that the auction of collateral at KPKNL Parepare must follow Islamic sharia principles, the auction manager strives to ensure that the auction process is conducted fairly and in accordance with the values of Islamic legal justice. This is demonstrated by a rigorous auction process where each item to be auctioned is thoroughly checked to ensure that

the parties involved, both sellers and buyers, do not receive false information.

It should be noted that the fact that there are no written regulations governing the application of sharia in these auctions shows that there is room for more explicit regulations on collateral auction operations referring to sharia principles. KPKNL Parepare may take this into account when developing an auction mechanism that meets the provisions of state law and ensures that such auction transactions can be morally accountable and in accordance with Islamic law. As a result, the purpose of this study is to evaluate whether the implementation of the Bai' Muzayadah principle in the auction of collateral at KPKNL Parepare has met all the requirements of Islamic sharia or whether there are still shortcomings that need to be corrected. Results of an interview conducted by Ihamser, Auction Officer from KPKNL Parepare City:

"KPKNL does not auction goods that are considered haram and illegal. KpknL destroys the goods and follows the regulation of the Minister of Finance Regulation Number: 13/PMK.04/2006 concerning the settlement of goods that are declared not under control, goods controlled by the State, and goods that belong to the State.(Ihamser : 2024)

In the context of the collateral auction carried out by the Parepare State Property and Auction Service Office (KPKNL), there are several important aspects that need to be observed related to the procedures and implementation of the auction. One of them is how KPKNL handles goods that are considered haram or illegal, according to interviews. KPKNL does not auction goods that fall into this category. As a step in accordance with the applicable regulations, the illegal or illegal goods will be destroyed in accordance with the Regulation of the Minister of Finance Number: 13/PMK.04/2006. This is done to ensure that there are no goods in circulation that are contrary to the provisions of the law, and to maintain compliance with the norms that apply in Indonesia. From the results of the interview

that has been conducted by Ihamser Auction Officials, KPKNL, Parepare City:

“KPKNL provides information transparently to the public with auction announcements that are disseminated through social media and lelang.go.id websites and everyone can access the information” (Ihamser : 2024)

In addition, KPKNL Parepare has succeeded in increasing public trust in the auction process. Providing transparent information about each stage of the auction process is a strategy used. Everyone can easily access the auction announcement through the official website of lelang.go.id and social media. This indicates that efforts have been made to reduce the possibility of fraud or misuse of information that could harm auction participants. It is hoped that this transparency will increase public security and trust in the auction process carried out by KPKNL.

4.2. Discussion of Research Results

a. Implementation of Collateral Auction at KPKNL Parepare in the Perspective of Sharia Economics, Especially in Relation to Bai' Muzayadah

It is possible to see the implementation of collateral auctions at the Parepare State Property and Auction Service Office (KPKNL) from the perspective of sharia economics, especially in terms of bai' muzayadah. Bai' muzayadah is a type of sale and purchase transaction in which goods are sold to the party offering the highest price through an auction. Sharia principles that must be considered in this system are the clarity of the transaction object (mabi) and price (tsaman). In addition, the transaction must be valid if it involves a competent and transparent party, which is guaranteed through a valid document (auction minutes). These principles are applied by the KPKNL Parepare auction mechanism, which maintains the clarity of the contract and legality in line with Islamic law.

Basically, the auction conducted by KPKNL Parepare is a legal form of buying and selling based on the principle of bai'

muzayadah. When bidders deposit security deposits and submit bids, they are deemed to have agreed to purchase the auctioned item at the price they offered, according to an interview with auction officials Ihamser. In sharia economics, the clarity of this contract is very important because ambiguity in the sharia system can cause uncertainty that has the potential to harm the parties involved. Therefore, even if there is no clear written agreement between the organizer and the auction participant, real actions such as depositing a security deposit and submitting a bid are sufficient to be considered as a valid form of agreement in bai' muzayadah.(Hasanah, 2015)

In addition, the principles of fairness and transparency are used during the process of returning KPKNL Parepare's security deposit. If the auction participant fails to win the auction, the security deposit will be refunded in full, but if the participant wins and fulfills his obligations, the security deposit will be taken into account in the payment. However, for non-outstanding participants, the guarantee fund will be divided into two parts: half for the state treasury and half for the owner of the goods. This division discusses sharia principles of justice, where the rights of the parties involved are respected and fulfilled in accordance with the provisions agreed in the agreement.(Al-Bukhari, 2021)

In addition, the auction process carried out by KPKNL Parepare complies with the principles of transparency and accountability. Each step of the auction is done openly, giving participants an equal opportunity to bid on the price. This ensures a fair auction and does not harm any party. In the Islamic economy, the principle of transparency is very important because every transaction must be carried out openly and clearly so that there is no uncertainty that can harm one party.

In addition, KPKNL Parepare shows clear and fair arrangements in terms of security deposit arrangements. The provision on a security deposit of at least 20% of the limit value and a maximum equal to the limit

value provides clarity for auction participants about the amount of money that must be deposited. In addition, the security deposit refund mechanism for participants who do not win the auction also provides a sense of security for participants, because they know that their money will be returned in accordance with applicable regulations. It explains the principle of fairness in transactions, which is the core of the sharia economy. (Hasan : 2019)

Overall, the auction of collateral at KPKNL Parepare has shown a good implementation of the sharia economy. Having a clear process for security deposits and payments, clarity of transaction objects, clarity of prices, transparency, and efficiency shows that this auction has been in accordance with sharia principles. With the auction minutes as a valid document, all parties involved in the auction can feel safe, and the auction process can run fairly and transparently.

b. Sharia Economic Principles in the Auction Process at KPKNL Parepare

Fairness, the first principle, is reflected in the auction system that provides equal opportunities to all participants. Every participant who participates in the auction at KPKNL Parepare can see the history of bids made by other participants, sorted from lowest price to highest price. Since this system does not hide information, all participants can compete fairly. Therefore, the price set at the end of the auction is the result of fair competition without price manipulation that could be detrimental to either party. (Hafidh, 2021)

Government regulations governing the auction process also reinforce this fairness. Online auctions on lelang.go.id portal have clear rules to ensure that every party involved in the transaction feels safe and protected. With clear rules, fairness in every stage of the auction can be guaranteed. They also provide a complaint mechanism for participants who feel aggrieved or find indications of fraud during the auction process.

To maintain the integrity of the auction process, the principle of transparency is also very important. In an auction with an open bidding system, all participants can view the bid history which records the number of bids ranging from the lowest to the highest. With this transparency, participants have a better understanding of the dynamics that occur during the auction process, including the prices submitted by other participants, so they can make better decisions about their prices. Since no information is hidden, this auction is more trustworthy, and it upholds the principle of Islamic openness. (Fadhli, 2022)

Transparency in the Islamic economy means avoiding fraud and price manipulation. With an open bidding history, auction participants can ensure that the price reached is a reasonable price and in accordance with the value of the goods. This is closely related to sharia principles that emphasize honesty in buying and selling transactions and avoid fraud. This auction system also maintains the principle of voluntary agreement. Without pressure or pressure from the other party, each auction participant freely determines the price they want to offer. This is a voluntary deal in the auction. The right of each participant to decide whether they will continue to compete with other participants or discontinue their bids. This principle is very important in sharia economics because buying and selling transactions in Islam must be carried out on a voluntary basis, without any element of coercion. (Husain, 2022)

This open auction mechanism creates healthy competition. All participants can compete based on their abilities rather than information they don't know because all have equal access to the offer history. This prevents monopolies or misuse of information that can harm other parties. Sharia principles encourage the establishment of a fair and open market for all parties, and healthy competition.

c. Sales Proceeds Allocated Fairly

A fair and proportional distribution of auction proceeds shows fairness. The auction

results will be submitted to the seller within one working day, in accordance with the applicable provisions, after the auction winner receives payment. The final auction results will be submitted to the state treasury. This shows KPKNL's commitment to protect the rights of every party involved in the auction, be it sellers, buyers, or the state. The existence of a policy that regulates that the remaining auction proceeds will be handed back to the debtor if there is any leftover after deducting the auction fee shows an effort to ensure fairness in the treatment of the debtor who is involved.

Transparency KPKNL Parepare prioritizes transparency in every step of the auction process. Payments payable by buyers for the auction are paid through a special account managed by KPKNL or through an account provided for auction transactions. In order for the auction process to be transparent, buyers must make payments through predetermined channels. Thus, there is no doubt or dispute regarding the payment and distribution of auction proceeds; This is very much in accordance with Sharia principles that prioritize transaction clarity.(Hasan : 2019)

Voluntary agreements in every transaction are a very important component in the sharia economy. All parties involved in the auction are guaranteed by KPKNL Parepare that they carry out transactions voluntarily and without coercion. All parties are given the same opportunity to offer a price that matches the item being auctioned during the auction process, and buyers who participate in the auction have the freedom to choose whether or not they will participate in the auction process. Therefore, there is no pressure exerted on the seller or buyer to make a particular transaction because the principle of voluntary agreement is maintained.(Hasan : 2019).

During the auction process of land objects, KPKNL Parepare faced a number of problems. Delays in the issuance of Land Acquisition Decrees (SKPT), which can hinder the implementation of auctions, are one of the problems that often arise. But KPKNL Parepare is trying to overcome this problem by following

existing procedures and complying with applicable legal provisions. This shows KPKNL's efforts to reduce uncertainty and give all parties involved in the auction a sense of security.(Mulyani, 2022)

KPKNL Parepare applies sharia principles when conducting collateral auctions. This is a testament to the agency's commitment to doing the country's work responsibly. Proof that the principles of sharia economics can be applied to collateral auctions carried out by state institutions is a transparent and fair auction process that prioritizes the principle of voluntary agreements. Despite the obstacles in the implementation of the administration, KPKNL Parepare still tries to comply with existing procedures and ensure that each auction is carried out in accordance with applicable legal principles.(Sulaiman, 2020)

d. Halalness of Auctioned Goods

The principle of transparency in the sharia economy is also reflected in KPKNL Parepare's efforts to provide auction information openly to the public. The auction announcement is disseminated through various social media and official websites, such as lelang.go.id, which allows anyone to access information about the auction that will be held. This step creates an atmosphere of openness that is very important in sharia principles, where clear and open information is highly valued in every transaction. This transparency reduces the potential for manipulation or fraud that can harm auction participants and increases public trust in the auction process carried out by KPKNL.

In addition, the implementation of the auction carried out by KPKNL Parepare also follows the principle of voluntary agreement which is highly emphasized in the sharia economy. In the auction process, all parties involved, both sellers, buyers, and other auction participants, are expected to agree to the auction conditions that have been set voluntarily, without any coercion. This voluntary agreement is the basis for the establishment of legal transactions and in

accordance with the principles of sharia economics, where each party has the freedom to make choices according to his or her will.(Lutfiyah, 2013)

The principle of justice in the sharia economy not only includes equality in transactions, but also protection of the rights of weaker parties in transactions. In the context of collateral auctions, KPKNL Parepare strives to ensure that the auction procedure is carried out fairly and does not harm any party. Each auction participant is given an equal opportunity to participate in the auction process, and the auctioned items are checked first to ensure that there is no misleading information that could harm either party. This is in accordance with the teachings of sharia economics which emphasizes the protection of individual rights in economic transactions.

In the evaluation of the application of the Bai' Muzayadah principle in the auction of collateral at KPKNL Parepare, it can be seen that the auction was carried out openly and fairly, although there is some room for improvement, especially related to the existence of written regulations regarding the application of sharia principles in auctions. Based on interviews with KPKNL Auction Officials, it was found that the auction was carried out with strict procedures, although there is still a need to further emphasize the explicit application of sharia principles in regulations. This is a consideration to improve the auction mechanism at KPKNL to be more in line with formal sharia principles.

The existence of the principles of fairness, transparency, and voluntary agreement in the collateral auction at KPKNL Parepare also shows that this institution strives to build public trust in the auction process they organize. This trust is crucial in creating an environment that supports fair auction conduct and is free from practices that are detrimental to auction participants. With increased transparency and accountability in the auction process, it is hoped that auction practices will be created that are more in line

with the principles of sharia economics.(Arifin, 2019)

Finally, although the implementation of collateral auctions at KPKNL Parepare has followed the principles of sharia economics in various aspects, there is still room for improvement in terms of stricter regulations and mechanisms regarding the application of sharia principles in a more formal and explicit manner. Therefore, this study not only aims to analyze the application of sharia economic principles, but also to provide recommendations on the development of an auction mechanism that refers to sharia principles in a clearer and structured manner.

Previous research relevant to this topic includes a study on the implementation of auctions using the e-auction system at the State Wealth and Auction Service Office (KPKNL). One of them is Andilo Sinaga's research "Procedures for Auctioning Banking Guarantee Objects Electronically at KPKNL Pematang Siantar". which examines the implementation of the auction for the execution of dependent rights on land and buildings through the e-auction system. The purpose of the research is to find out and analyze the regulation of the auction of banking collateral objects according to the applicable laws and regulations and about the electronic auction procedure (e-auction) at the auction of banking collateral objects at KPKNL Pematang Siantar. The similarity with the research conducted is the use of the e-auction system in the implementation of auctions. However, this study is different because you examine the implementation of collateral auctions at KPKNL Parepare from the perspective of sharia economic law, especially in the context of bai' muzayadah.(Andilo Sinaga, 2023)

In addition, Satya Haprabu's research "Auction Sales of Collateral Rights According to the Perspective of Islamic Law" is also relevant. This study analyzes the auction procedure with a conventional system reviewed based on the perspective of Islamic law. The findings of the study show that the implementation of the auction of collateral for dependent rights must

be in accordance with the rules in the Quran and Hadith. The focus on this auction procedure is the process of binding guarantees carried out based on sharia financing contracts with fixed collateral binding based on the conventional rules of Law no. 4 of 1996 concerning the right of dependents. while the research conducted is more in-depth analysis of bai' muzayadah in the auction of collateral at KPKNL Parepare with the perspective of sharia economic law.(Satya Haprabu, 2017)

5. Conclusion

Based on the analysis that has been carried out on the implementation of collateral auctions at KPKNL Parepare from the perspective of sharia economics, it can be concluded that:

1. Application of Sharia Principles: KPKNL Parepare has shown significant efforts in implementing sharia principles such as fairness, transparency, and voluntary agreements in the implementation of auctions. This can be seen from the mechanism for valuing goods, the use of information technology, and strict supervision of the auction process.
2. Conformity with Bai' Muzayadah: Auction practices at KPKNL Parepare in general have been in accordance with the concept of Bai' Muzayadah in Islam, namely buying and selling with the highest bid.
3. Challenges and Potential Improvements: However, there are still several challenges that need to be overcome, such as potential price manipulation and uncertainty in determining the limit value.

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